

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State Boxing and  
Wrestling Commission  
Department of Economic Development  
State of Louisiana  
New Orleans, Louisiana

May 14, 1997

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**Financial and Compliance Audit Division**

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**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

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**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
New Orleans, Louisiana**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1996, and for the Years  
Ended June 30, 1996 and 1995**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

**May 14, 1997**

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
New Orleans, Louisiana**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1996, and for the Years  
Ended June 30, 1996 and 1995

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February 14, 1997

Independent Auditor's Report on  
the Financial Statements

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We were engaged to audit the accompanying general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana State Boxing and Wrestling Commission.

Under generally accepted accounting principles, general fixed assets of \$1,951 should not be recorded as assets of the General Fund, as presented on Statement A. As explained in Exhibits A and B, \$63,959 of salaries and \$11,043 of general liability insurance premiums, respectively, were not reported as liabilities on Statement A, as required by generally accepted accounting principles. Finally, in Statement B, the beginning fund balance for the year ended June 30, 1995, does not agree with the ending fund balance for the year ended June 30, 1994, of the General Fund.

As discussed further in this report in Exhibits A and B, the commission's accounting records contained major inadequacies. These inadequacies made it impractical to apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying general purpose financial statements.

Because we were not able to apply sufficient auditing procedures to satisfy ourselves as to the revenues included in the general purpose financial statements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying general purpose financial statements.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JGD:JR:dl  
[BOXING]

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS**

**Balance Sheet, June 30, 1996**

	<u>GOVERNMENTAL FUND - GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>
<b>ASSETS</b>		
Cash	\$17,162	
Due from other funds	350	
Fixed assets	1,951	\$1,951
	<u>1,951</u>	<u>\$1,951</u>
<b>TOTAL ASSETS</b>	<b><u>\$19,463</u></b>	<b><u>\$1,951</u></b>
<b>LIABILITIES AND FUND EQUITY</b>		
Other liabilities	\$6,000	
Fund Equity:		
Investment in general fixed assets		\$1,951
Unreserved and undesignated	13,463	
	<u>13,463</u>	<u>\$1,951</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$19,463</u></b>	<b><u>\$1,951</u></b>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Years Ended June 30, 1996 and 1995**

	JUNE 30,	
	<u>1996</u>	<u>1995</u>
<b>REVENUES</b>		
Licenses, permits, and fees	\$74,190	\$67,010
Total revenues	<u>74,190</u>	<u>67,010</u>
<b>EXPENDITURES</b>		
Professional services and related benefits	53,883	4,200
Operating services	25,352	13,753
Travel and other charges	23,614	21,855
Total expenditures	<u>102,849</u>	<u>39,808</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(28,659)	27,202
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>42,122</u>	<u>14,920</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$13,463</u>	<u>\$42,122</u>

The accompanying notes are an integral part of this statement.

UNAUDITED

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA

Notes to the Financial Statements  
As of and for the Years Ended June 30, 1996 and 1995

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Louisiana State Boxing and Wrestling Commission is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development as provided by Louisiana Revised Statute 4:61-84. The commission is composed of seven members, appointed by the Governor, who serve terms of four years. The commission is charged with the responsibility of collecting taxes and licenses. Operations of the commission are funded entirely through self-generated revenues.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In June 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana State Boxing and Wrestling Commission prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

**A. FUND ACCOUNTING**

The accounts of the Louisiana State Boxing and Wrestling Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

**LOUISIANA STATE BOXING AND  
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Notes to the Financial Statements (Continued)**

**General Fund**

The General Fund is the principal fund and is used to account for the general operations of the commission. The various fees and charges due the commission are accounted for in this fund. General operating expenditures are paid from this fund.

**B. GENERAL FIXED ASSETS AND  
LONG-TERM OBLIGATIONS**

The commission has no long-term obligations at June 30, 1996. General fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

The general fixed assets account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The commission's records are maintained on the cash basis of accounting.

**D. CASH**

Cash includes cash in demand deposits. Under state law, the Louisiana State Boxing and Wrestling Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Furthermore, the commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal offices in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

**Unaudited**

**LOUISIANA STATE BOXING AND  
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DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
Notes to the Financial Statements (Concluded)**

**2. CASH**

As reflected on Statement A, the Louisiana State Boxing and Wrestling Commission has cash in demand accounts (book balances) totaling \$17,162 at June 30, 1996. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. These deposits are fully secured through federal deposit insurance.

**3. CHANGES IN GENERAL FIXED ASSETS**

The changes in general fixed assets follow:

	Balance July 1, 1994	Additions	Deletions	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Furniture and equipment	<u>\$1,951</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,951</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,951</u>

**4. LEASE OBLIGATIONS**

The Louisiana State Boxing and Wrestling Commission has no capital leases or operating leases for office space at June 30, 1996.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the engagement to audit the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the engagement to audit the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.



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February 14, 1997

Independent Auditor's Report on Internal Control Structure  
Based Solely on an Engagement to Audit the General Purpose  
Financial Statements

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We were engaged to audit the general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated February 14, 1997.

Our audit was to have been conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. However, because of the failure by the commission to maintain adequate accounting records, we were not able to apply the foregoing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Management of the Louisiana State Boxing and Wrestling Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning our engagement to audit the general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of

**EXHIBIT A**

LEGISLATIVE AUDITOR

**LOUISIANA STATE BOXING AND  
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relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Accounting Control Weaknesses**

The Louisiana State Boxing and Wrestling Commission did not provide proper internal controls or maintain accurate and complete accounting records. A proper internal control structure requires that accurate and complete financial records be maintained that (1) provide evidence the commission has fulfilled its stewardship responsibilities, (2) properly reflect and account for the receipt and disbursement of funds, (3) properly account for and safeguard assets, and (4) provide for the preparation of financial statements in accordance with generally accepted accounting principles. We identified the following deficiencies in the internal control structure and accounting records:

**Cash**

Daily deposits were not made for amounts received from events. Of six deposits, totaling \$3,220, examined by us, all were made 11 to 54 days after the date of boxing or wrestling events. Also, the commission issued checks from two separate banks using three different check number series.

**Revenues**

1. The commission did not maintain adequate records on licenses issued. A record (log) of the number sequence of the preprinted, consecutively numbered licenses was not maintained. A log should account for all licenses issued and all licenses remaining in stock. Licenses were issued from multiple locations and were issued out of numerical sequence.

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Therefore, there were no assurances that the amounts collected for issued licenses were equal to the amounts deposited, which totaled \$7,575 and \$21,017 during the years ended June 30, 1996, and June 30, 1995, respectively. In addition, a general ledger was maintained with separate revenue classifications for taxes and licenses; however, 24 transactions, totaling \$47,399, that should have been allocated to both license and tax revenue were coded only to taxes.

2. Procedures employed by the commission require that a Gross Receipts Tax Form be completed for each event, and the form should be signed by the promoter of the event and the deputy commissioner attending the event. Each event date should be approved and recorded in the commission's meeting minutes. However, we noted several inadequacies in the use of these forms:
  - Because taxes due for some events are deducted from show deposits owed to promoters, we could not determine if a Gross Receipts Tax Form was completed for each approved event.
  - None of the tax forms reflected the date taxes were deposited.
  - Gross Receipts Tax forms are not used for all events. No Gross Receipts Tax forms or other supporting documentation were found for gross receipts taxes of \$52,312 and \$42,952 for 1996 and 1995, respectively.
  - The ticket manifest sections, which reflect the beginning and ending ticket numbers, were not completed.
  - There was also a design deficiency in the form in that there is no place on the form for the name of the city in which the event is held. Louisiana Revised Statute (R.S.) 4:67(A) provides for the collection of a minimum tax depending on the population of the city in which the event is being held. Because there was no place on the form for the name of the city, we could not determine if the minimum tax was collected.

Because of these deficiencies, there is no audit trail, and we could not be assured that all the taxes earned were collected and deposited.

**LEGISLATIVE AUDITOR**

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**Unrecorded Payroll**

The commission did not record in its financial statements salaries payable of \$63,959, as required by generally accepted accounting principles. The salaries payable was not recorded because the commission lacked funds to pay the liability. The omission of this liability materially affects the presentation of the commission's financial statements.

**Travel**

We examined 41 travel expense vouchers and noted the following deficiencies:

- Fourteen vouchers reflected charges and/or claims totaling \$2,486 that lacked proper receipts.
- Eighteen vouchers did not have odometer readings to support mileage reimbursement claimed totaling \$3,075.
- Twenty-seven vouchers had claims for meals and lodging of \$1,440 in excess of the amount allowed by the Division of Administration.
- The chairman of the commission is signing travel expense checks that are made out to himself.
- Travel expenses are being paid without an accompanying travel voucher form that explains the reason for the expense.
- Corrections or adjustments to travel vouchers were not initialed by the person preparing or adjusting the voucher.
- The commissioners approved payments of \$697 for five luncheons they attended after commission meetings.

**Other Transactions**

Refundable show/event deposits, receipts, and disbursements are not being properly recorded and classified. Refundable deposits for shows or events are recorded as a revenue rather than as a liability. Disbursements are made from

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these refundable deposits to cover promoter's expenses incurred at the event. Therefore, the commission's records are not properly accounting for nor properly classifying deposits and the related receipts and disbursements associated with shows and events.

Because the commission did not provide proper internal controls or maintain complete accounting records, errors may have occurred and may not have been detected in a timely manner.

The commission should establish written internal control policies and procedures to ensure that assets are safeguarded and errors, if they occur, are detected in a timely manner. In a letter dated April 11, 1997, Mr. Mike Cusimano, Chairman, stated,

Licenses will be collected from all commissioners and deputy commissioners. Licenses will be recapped by numbers and reassigned to the commissioner with a sheet listing the licenses assigned him. The commissioners will keep a log on all licenses issued stating type, amount, and date. At the end of each accounting period the commissioner will send a photo copy of the log to the accountant. At year end the commissioner will submit an affidavit showing all licenses issued and amount collected. All moneys for licenses must be on separate checks.

All shows approved by the Louisiana Boxing and Wrestling Commission (LBWC) must be accounted for in the minutes of the monthly board meetings. After the show is approved, Commissioner Mike Cusimano will assemble a packet with the gate receipt form, license issued form, and a deposit slip. These packets will be given to the deputy commissioner or the commissioner handling the show. The gate receipt will have to be completed in full showing where the event took place, number of tickets sold, gross receipt, tax collected, and signed by both the promoter and commissioner. The commissioner will deposit receipts at the nearest Hibernia National Bank. The completed packet will be forwarded to the LBWC office in New Orleans. Packets not completed properly, will be returned for correction before the deputy commissioner can be paid.

**LEGISLATIVE AUDITOR**

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In response to the deficiencies related to the unrecorded payroll, Mr. Mike Cusimano, Chairman, stated,

The Louisiana State Boxing and Wrestling Commission did not have the funding to pay commissioners salaries and therefore did not record this liability in the financial statements. Records are maintained on the unpaid earnings of the commissioners and it is the intent of the commission to pay salaries when funds are available. The liability for salaries payable will be recorded in the financial statements as required by generally accepted accounting principles.

In response to the deficiencies related to travel, Mr. Mike Cusimano, Chairman, stated,

The LBWC will adopt the following policy for travel: Travel mileage will be determined based on the Triple A Road Atlas for all monthly meetings and shows. Commissioners residing in the New Orleans Metro area will not get travel allowance for Metro area meetings and shows. The commission will adopt a policy for meals and lodging at their next meeting.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being tested may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted that the accounting control weaknesses described previously are considered to be material weaknesses as defined above. In addition, we noted that, as a material weakness, the size of the commission's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. The matters relating to the Performance Bonds and General Liability Insurance, as noted in Exhibit B of this report, are also considered to be material weaknesses in the internal control structure. These conditions were considered in determining the nature, timing, and extent of the procedures to

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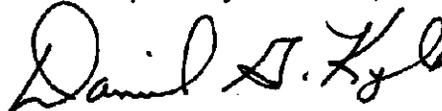
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be performed in our tests of the financial statements of the Louisiana State Boxing and Wrestling Commission, as of June 30, 1996, and for the years ended June 30, 1996 and 1995.

In our prior audit for the year ended June 30, 1994, we reported internal control findings relating to cash, revenues, travel, and surety bond insurance. These findings have not been resolved by management and are included in this report. The finding on surety bond insurance is included in Exhibit B of this report.

Our comments on the internal control structure are intended for the information and use of the commission and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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[BOXING]



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February 14, 1997

Independent Auditor's Report on Compliance With Laws and  
Regulations Material to the General Purpose Financial Statements

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We were engaged to audit the general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated February 14, 1997. We were unable to audit the financial statements of the Louisiana State Boxing and Wrestling Commission because of numerous deficiencies in internal controls as discussed in Exhibit A of this report.

Our audit was to have been conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. However, because of the failure by the commission to maintain adequate accounting records, we were not able to apply the foregoing standards. Those standards require that we plan and perform the engagement to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Louisiana State Boxing and Wrestling Commission is the responsibility of management of the commission. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the commission's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions contained in statutes and regulations that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. In addition to the matters pertaining to revenues discussed in Exhibit A, the results of our tests of compliance disclosed the following material instances of noncompliance, the effects of which have not been corrected in the commission's financial statements.

**EXHIBIT B**

**LOUISIANA STATE BOXING AND  
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**Performance Bonds**

The Louisiana State Boxing and Wrestling Commission did not remit abandoned performance bonds received from event promoters to the Department of Revenue and Taxation as prescribed by law. R.S. 9:164 requires that any monies due and payable for more than one year are presumed abandoned and must be remitted to the Department of Revenue and Taxation. The commission collected \$6,000 of performance bonds in 1986 that have not been returned to their rightful owners or remitted to the Department of Revenue and Taxation as required by law.

The commission should remit the \$6,000 of unclaimed performance bonds to the Department of Revenue and Taxation. In a letter dated April 11, 1997, Mr. Mike Cusimano, Chairman, stated that the commission will remit the \$6,000 of unclaimed performance bonds to the Department of Revenue and Taxation when the funds are available.

**General Liability Insurance**

The Louisiana State Boxing and Wrestling Commission has not paid \$11,043 of its general liability insurance premiums for the fiscal years 1994 through 1996. R.S. 39:1536.1 requires every agency to timely pay premiums billed by the Office of Risk Management (ORM). Failure to pay insurance premiums in a timely manner results in noncompliance with state law and contributes to the possible underfunding of the state's self insurance program administered by ORM. General liability claims have been paid on behalf of the commission when ORM paid \$300,000 after settling litigation resulting from the wrongful death of a spouse in a tough man competition.

The commission should remit general liability insurance premiums timely to ORM as required by state law. In a letter dated April 11, 1997, Mr. Mike Cusimano, Chairman, stated that the commission will comply with the requirements of R.S. 39:1536.1 when funds are available.

The results of our procedures also disclosed an immaterial instance of noncompliance with the provisions of laws and regulations, which is described in the following paragraphs.

LEGISLATIVE AUDITOR

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**Surety Bond Insurance**

The Louisiana State Boxing and Wrestling Commission did not obtain surety bond coverage in the amount required by law. R.S. 4:61(A) requires the commission's secretary to execute a bond of \$5,000, in favor of the state treasurer, for faithful performance of the duties of his office. The chairman and the secretary each executed \$2,000 faithful performance bonds instead of the required \$5,000. Failure to execute faithful performance bonds in the required amount could subject the commission to possible loss of funds.

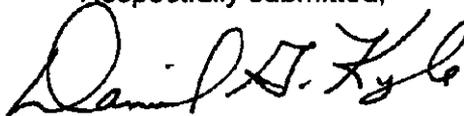
The commission should execute surety bond coverage in the amount required by R.S. 4:61(A). In a letter dated April 11, 1997, Mr. Mike Cusimano, Chairman, stated the commission will execute surety bond coverage in the amount required by R.S. 4:61(A).

We considered these instances of noncompliance in forming our opinion on whether the Louisiana State Boxing and Wrestling Commission's 1996 and 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. This report and the conditions mentioned in our report on internal control (Exhibit A) resulted in a limitation on the scope of our audit.

In our prior audit for the year ended June 30, 1994, we reported compliance findings relating to the Louisiana Licensing Agency Budget Act and Performance Bonds. The finding on the Louisiana Licensing Agency Budget Act has been resolved by management. The finding relating to the Performance Bonds has not been resolved and is included in this report.

Our comments on compliance with laws and regulations are intended for the information and use of the commission and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JGD:JR:dI

[BOXING]

EXHIBIT B